

Minutes of Meeting
Health Services Council
Project Review Committee-I

DATE: 12 June 2007

TIME: 2:30 PM

LOCATION: Beck Conference Room

ATTENDANCE:

Committee-I: Present: Victoria Almeida, Esq., (Vice Chair), Edward F. Almon, John W. Flynn, Robert S.L. Kinder, M.D., Amy Lapierre, Thomas M. Madden, Esq., Robert J. Quigley, DC, (Chair)

Not Present: Joseph V. Centofanti, MD. , Robert Ricci, Robert Whiteside

Other Members: Present: Larry Ross

Staff: Valentina Adamova, Michael K. Dexter, Samantha Maras (intern), Joseph G. Miller, Esq., Don Williams

Public: (Attached)

1. Call to Order, Approval of Minutes, Conflict of Interest Forms and

Time Extension for the Minutes Availability

The meeting was called to order at 2:30 PM. The Chairman noted that conflict of interest forms are available to any member who may have a conflict. The Chairman requested a motion for the extension of time for the availability of minutes pursuant to the Open Meetings Act. A motion was made, seconded and passed by a vote of six in favor and none opposed (6-0) that the availability of the minutes for this meeting be extended beyond the time frame provided for under the Open Meetings Act. Those members voting in favor were: Almon, Flynn, Kinder, Lapierre, Madden, Quigley.

2. General Order of Business

The first item on the agenda was the application of Bradley Hospital for a Certificate of Need for new construction of a two story 44,486 sft addition on the west side of the existing Laufer Building to accommodate the hospital's 60 licensed inpatient acute care beds and expansion of outpatient programs.

Staff reviewed the mailing and read an advisory from Department of Human Services, Division of Healthcare Quality Financing and Purchasing stating concern over the impact on cost of the proposal.

To a question from the Committee with regards to setting fee

schedules, Mr. Miller, legal counsel to the Department, stated that it was not under the purview of the Committee.

Ms. Lapierre, on behalf of Medicaid, noted her concern over the difference in utilization numbers presented by the applicant. The applicant explained that they are not requesting more beds and that they are reassigning beds between programs and fewer developmental disabilities beds will mean a drop in the number of Medicaid days and associated payment drop.

Ms. Lapierre noted financing concerns during the time of a budget crisis and Medicaid's efforts to control costs. The applicant acknowledges it is open to new arrangements.

In response to the letter, the applicant stated that at this point in the process it is not willing to accept a change in reimbursement.

A Committee member raised concerns about the equity contribution and suggested that as a condition, the equity contributed equal the amount originally proposed and noted that the contingency factor should be at 10% and not 15%. A Committee member suggested that the interest rate was reduced to 6% and that the hospital submit actual data for interest expense when they go out to the bond market.

The applicant agreed to provide actual interest expense information

and agreed to maintain the equity contribution as originally proposed but believed their projections for the contingency were correct. The applicant stated that revised financial information would be provided. The applicant acknowledged that the project is costly but it will provide a benefit to the community.

Staff noted the 9 June 2007 document that identified areas of common agreement between Bradley Hospital and other state agencies. There were 6 areas of common agreement.

Dr. Hollinshead, Chief of the Division of Family Health, discussed the contents of the document.

The Chairman thanked Dr. Hollinshead and Bradley Hospital for creating a model that would be used again in the future.

Staff suggested that the Committee accept Dr. Hollinshead's memo as a condition of approval as it is written. A motion was made, seconded, and passed by six in favor, none opposed and one abstention (6-0-1) to accept the memo as a condition of approval. Those members voting were: Almeida, Almon, Flynn, Kinder, Madden, Quigley. Lapierre abstained.

A motion was made, seconded, and passed by six in favor, none opposed and one abstention (6-0-1) to recommend approval of the application with condition of approval. Those members voting were:

Almeida, Almon, Flynn, Kinder, Madden, Quigley. Lapierre abstained.

Staff noted that the next full Health Services Council meeting is scheduled for 26 June 2007.

The next item on the agenda was the applications of FC-Gen Investment, LLC for a change in effective control of Grand Islander Center, Kent Regency Center and Grandview Center (each presently wholly-owned subsidiaries of Genesis Healthcare Corporation).

Mr. Sertich, manager of FC-Gen Investment, LLC, brought the Committee up to date on the status of the project. It was noted that the applicant is committed to the \$5 million renovation of the Grand Islander CON application if it is approved.

Mr. Goblet, legal counsel to the applicant, discussed the track record of applicant's facilities and culture change. The facilities are inspected at least once a year and there are 3 facilities right now that are not in substantial compliance; two are in Maine and as of today, Maine has approved this transaction With respect to culture change, the applicant will continue culture change in facilities across RI as rapidly as possible and will comply with all federal and state laws regarding access to the facility.

To staff questions, Mr. Goblet explained that discharge for nonpayment does occur to another nursing facility or to the family.

To a question from a Committee member regarding equity, staff recommended that the \$5 million be considered equity and that the applicant provided the final numbers within 30 days of the closing on a national level.

A motion was made, seconded, and passed by seven in favor, and none opposed (7-0) to recommend approval of the application. Those members voting were: Almeida, Almon, Flynn, Kinder, Madden, Lapierre, Quigley.

Staff noted that the next full Health Services Council meeting is scheduled for 26 June 2007.

There was no further business the meeting was adjourned at 3:50 PM.

Respectively submitted,

Valentina D. Adamova